

Virginia's Experience with Offshore Energy Planning

David Spears

State Geologist

Commonwealth of Virginia

Department of Mines, Minerals and Energy



Present Situation

- Special Interest Oil and Gas Lease Sale 220 “tentatively scheduled for 2011”
- Sale is inconsistent with Virginia state policy



- Two offshore wind energy proposals are on the table and supported by Governor Kaine

Brief History – Part 1

Atlantic Outer Continental Shelf

- 10 Oil & Gas Lease Sales (1976-1983)
- 50 wells drilled (1976-1984)
- Discoveries Offshore NJ:
 - 8 wells encountered natural gas
 - 5 were flow-tested
 - 3 also encountered condensate
- Quantities found were not economically viable at that time.

Brief History – Part 2

Congressional Moratorium

- 1982 - Began offshore California and was progressively expanded
- Withheld any funds to be used for lease sales in exclusion areas, including the entire Atlantic OCS
- Renewed annually with federal budget
- Effectively shut down any Atlantic leasing and drilling

Brief History – Part 3

Executive Withdrawal

- 1990 - Executive order to Dept. of Interior by President George H.W. Bush
- No further preleasing or leasing activity in the OCS (except TX, LA, AL, part of AK)
- Originally set to expire in 2000
- 1998 - Extended to 2012 by President Clinton

Natural Gas Price by Month



Development of Virginia's Offshore Energy Policy

- March 2005 – HJR 625 directs the Va Secretary of Commerce and Trade to study “the possibility of exploring for natural gas in coastal areas of the Commonwealth.”
- Summer 2005 – Secretary Schewel convenes advisory group
- January 2006 – Publication of HD 22

Key Findings of HD 22

REPORT OF THE
SECRETARY OF COMMERCE AND TRADE

**Study of the Possibility of Exploring
for Natural Gas in the Coastal Areas
of the Commonwealth**

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA



HOUSE DOCUMENT NO. 22

COMMONWEALTH OF VIRGINIA
RICHMOND
2006

“While this study finds that Virginia OCS offshore exploration of natural gas and, perhaps, other hydrocarbon resources can be safely undertaken with the proper controls, such activity must be one part of a comprehensive response to our energy needs.”

Key Findings of HD 22

“Virginia, if given the opportunity, should allow exploration of natural gas in its OCS areas contingent on the conditions set forth below...”

Conditions Specified in HD 22

- Need broad-based energy policy emphasizing efficiency
- Ample opportunity for public involvement
- If oil is discovered, carefully consider risk of spills
- Must protect environment and public safety
- No drilling closer than 50 miles to shore
- All facilities must be consistent with local zoning and Virginia' Coastal Zone Program requirements

Spring 2006 – SB 262



State
Senator
Frank
Wagner

- Calls for drafting of Virginia Energy Plan within 18 months
- Codifies Virginia's policy on offshore energy, drawing heavily on recommendations of HD 22

Virginia's Offshore Energy Policy - Gas and Oil

Code of Virginia §67-300

- Supports federal efforts to determine extent of **natural gas** resources
- Only exploration
- 50 miles or more from shore
- Inclusion of all Atlantic planning areas

Virginia's Offshore Energy Policy - Wind Energy

Code of Virginia §67-300

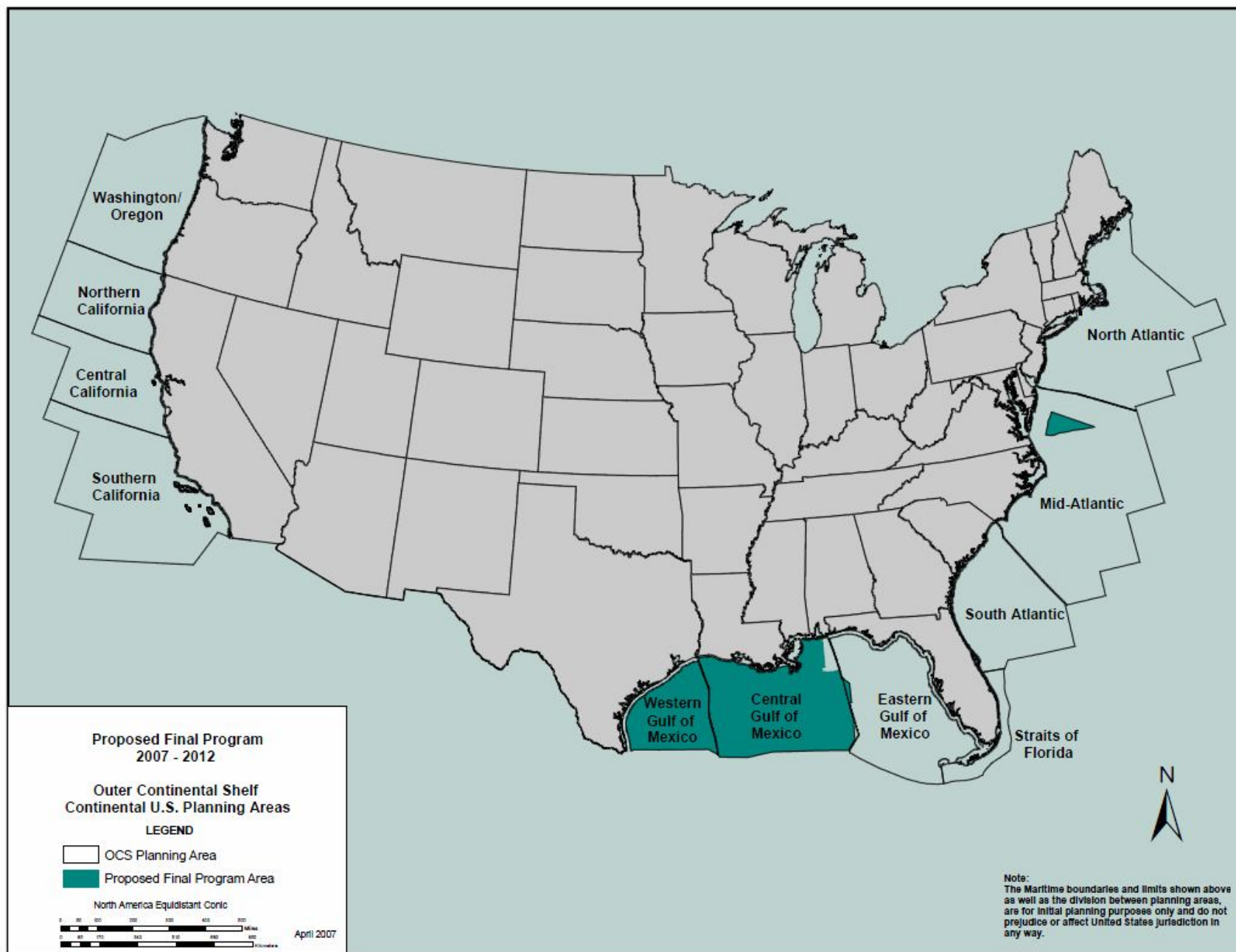
“...to support federal efforts to examine the feasibility of offshore wind energy being utilized in an environmentally responsible fashion.”

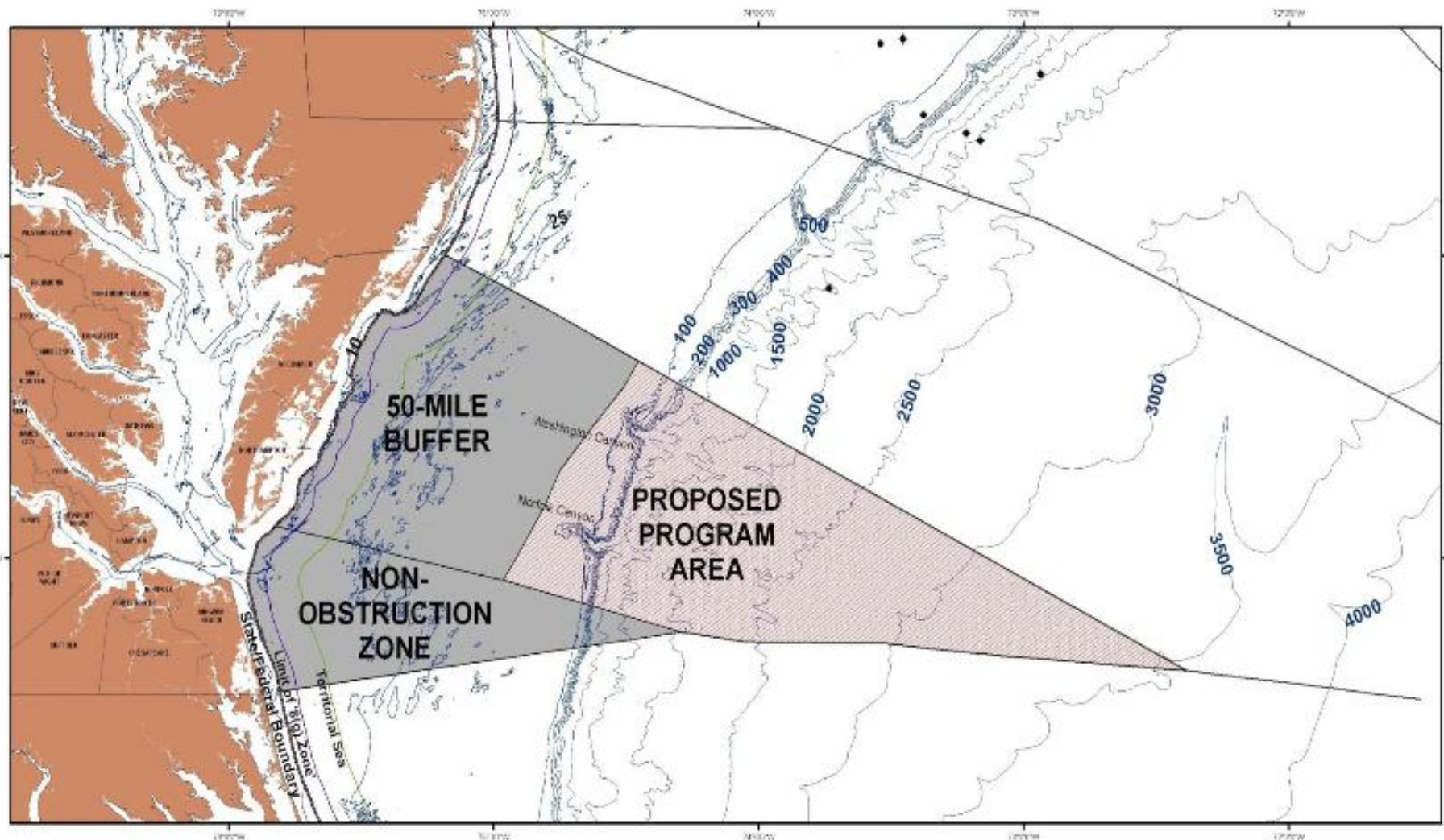
Meanwhile, the MMS was busy...

- August 2005 – Request for Comments on preparation of new Five-Year Oil and Gas Leasing Program, 2007 – 2012
- February 2006 – Release of Draft Proposed Program with Request for Comments and Notice of Intent to Prepare Environmental Impact Statement

Further Development of the Five-Year Program

- August 2006 – Proposed Program and Draft EIS issued
- February 2007 – Proposed Final Program and Final EIS issued
- July 2007 – New Five-Year Program for becomes effective





0 5 10 20 30 40 Miles

October 2008



Virginia Offshore Proposed Lease Sale 220 Area



- State / Federal Boundary
- Line 8g
- Territorial Sea
- ♦ Atlantic Wells
- Water Depth (in Meters)
- MMS Administrative Boundaries

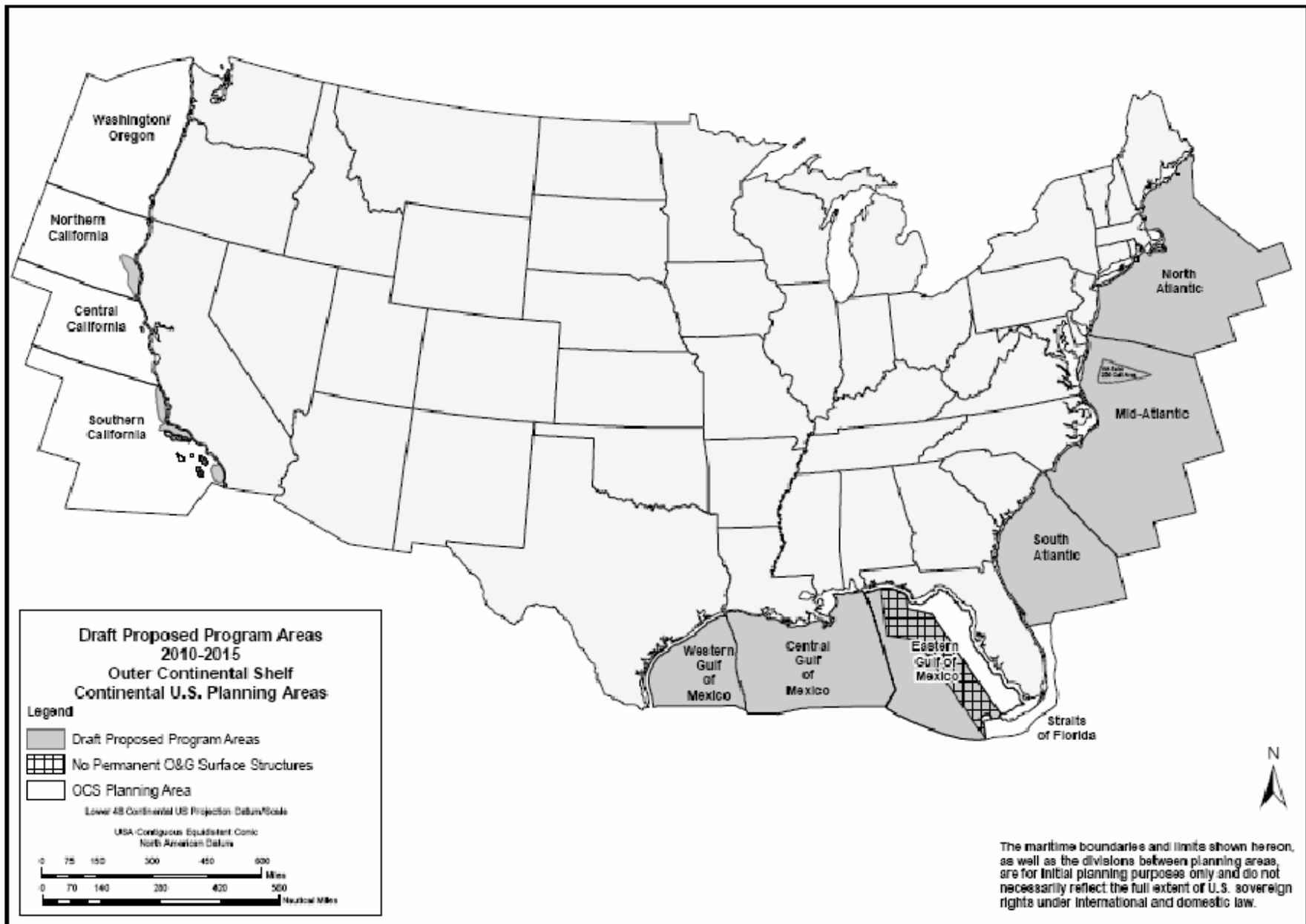
- MMS - OCS Program Area
- 50-Mile Buffer
 - Non-obstruction Zone
 - Proposed Sale Area

Surprise Events, 2008

- July - President Bush rescinds the Executive Withdrawal
- September - Congress allows their moratorium to expire
- Yikes!!!!!!!!!!

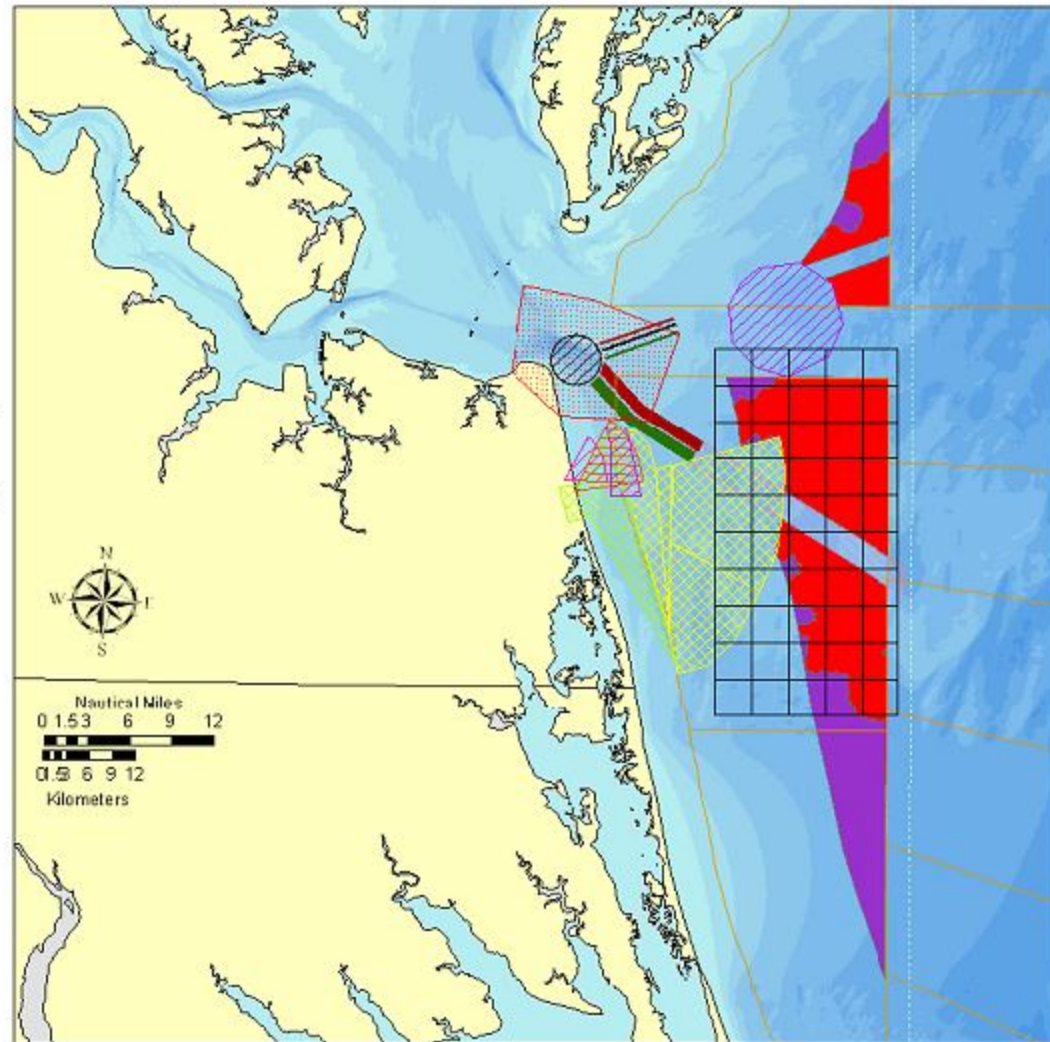
MMS Response to Recent Developments

- August 2008 – Request for Comments on new Five-Year Oil and Gas Leasing Program
- November 2008 – Call for Information and Interest/Nominations and Notice of Intent to Prepare an EIS for Special Interest Sale 220
- January 2009 – MMS Releases Draft Proposed Program for 2010 – 2015 with 90-day comment period
- February 2009 – Secretary of Interior Salazar extends comment period by 180 days



Legend

-  MMS Lease Blocks
-  Dumping Site (Dredged Material)
-  75.5 W longitude line
-  334.320 - Naval Restricted Area
-  334.390 - Firing Range
-  334.380 - Naval Firing Range
-  R-6606 - VACAPES
-  W-50A - VACAPES
-  W-50B - VACAPES
-  W-50C - VACAPES
-  VACAPES Operating Area
-  Precautionary Area
-  Eastern Approach Separation State
-  Eastern Approach Outbound Lane
-  Eastern Approach Inbound Lane
-  Southern Approach Outbound Lane
-  Southern Approach Inbound Lane
-  Shipping lanes extended
- VANC_wind**
- GRIDCODE**
-  5
-  6
-  Land



Proposed wind energy projects

Conclusions – Virginia's Experience

- It's helpful to have an official state policy
- The MMS is responsive to state concerns, to the degree they are authorized by OCSLA
- For federal regulators to be more fully responsive to state concerns, Congress needs to amend OCSLA